

Contract Number: 3333

Vendor: ROBINSON - DANIEL & DIANE

Subject: Anderson Creek Staging Area - Elandan Gardens

Department: PW Admin

File Class: LEG 12-1

Begin Date: 08/16/1991

End Date: 04/30/2019

Review Date: 01/01/2019

Vault Date:

Comments: (4) 5 yr options w/60 day written notice

LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter "Lease") is between the CITY of BREMERTON, a municipal corporation of the State of Washington, with offices located at 239 Fourth Street, Bremerton, Washington 98337 (hereinafter "City"), and Daniel Robinson and Diane Robinson, husband and wife (hereinafter "Lessee").

RECITALS

WHEREAS, the City now owns certain land which Lessee has been leasing since August 1991; and

WHEREAS, it is the parties' desire to enter into a fifteen (15) year lease to allow Lessee to continue to carry on its business; and

NOW, THEREFORE, the City and Lessee agree as follows:

AGREEMENT

1. PROPERTY.

1.1 Property Defined. The City leases to Lessee and Lessee leases from the City the real property described in *Exhibit A*, attached hereto and incorporated herein by this reference, together with all the rights of the City, if any, to improvements on and easements benefiting the property but subject to the exceptions and restrictions set forth in this Lease (collectively the "Property" or "Leased Property").

1.2 Survey, Maps, and Plans. Lessee is not relying upon and the City is not making any representations about any survey, plat, diagram, and/or legal description provided by the City.

1.3 Inspection. The City makes no representation regarding the condition of the Property, or the improvements located on the Property.

2. USE.

2.1 Permitted Use. Lessee shall use the Property for a retail garden center and tourist attraction (the "Permitted Use") and for no other business or purpose, without the prior written consent of the City. The Property shall not be used for illegal purposes. It is agreed that this lease shall not be construed as the City's waiver of land use or building code provisions that would otherwise apply to any improvements or uses of the site.

2.2 Restrictions on Use. Lessee shall not cause or permit any damage to natural resources on or adjacent to the Property. Lessee shall also not cause or permit any filling activity to occur on the Property without required permits. This requirement may pertain to moving deposits of rock, earth, ballast, refuse, garbage, waste matter (including chemical, biological or hazardous substances, or toxic wastes), hydrocarbons, any other pollutants, or other matter in or on the Property, except as is permitted herein and performed in the ordinary course of the business of Lessee's greenhouse business and except as otherwise approved in writing by the

City. If Lessee fails to comply with all or any of the restrictions on the use of the Property set out in this Subsection 2.2, the City shall notify Lessee and provide Lessee a reasonable deadline to take all steps necessary to remedy the failure. If Lessee fails to do so in a timely manner, then the City may take any steps reasonably necessary as determined by the City, to remedy this failure. Upon demand by the City, Lessee shall pay all costs of such remedial action, including but not limited to the costs of removing and disposing of any material deposited improperly on the Property. This section shall not in any way limit Lessee's liability under Section 8, below. The covenants contained in Section 2.2 shall survive expiration or termination of this Lease..

2.3 Conformance with Laws. Lessee shall, at all times, keep current and comply with all conditions and terms of any permits, licenses, certificates, regulations, ordinances, statutes, and other government rules and regulations regarding its use or occupancy of the Property.

2.4 Liens and Encumbrances. Lessee shall keep the Property free and clear of any liens and encumbrances arising out of or relating to its use or occupancy of the Property.

3. TERM.

3.1 Term Defined. The term of this Lease is fifteen (15) years (the "Term"), beginning on the 1st day of May, 2004 (the "Commencement Date"), and ending on the 30th day of April, 2019 (the "Termination Date"), unless terminated sooner under the terms of this Lease.

3.2 Option to Extend. Lessee shall have the option of extending this lease for up to 4 additional 5 year terms upon delivering written notice to the City sixty (60) days prior to the expiration of the term subject to the City and Lessee mutually agreeing upon a new lease payment for each option. If this option is exercised, the Lessee and the City shall each gain the additional right to terminate the extended portion of the lease as provided for in Section 3.3(a) of this agreement.

3.3 Right to Terminate Early.

(a) If Lessee exercises its option to extend the lease under section 3.2, the parties shall have the following additional rights under this agreement. Lessee shall have the right to terminate the lease at any time during the lease option term upon giving the City one year prior written notice of termination. If the City determines that the Property is once again needed for Utility or other City purposes, the City may terminate the lease, without cost or penalties, at any time during the lease option term upon giving the Lessee one year prior written notice of termination.

(b) If, however, during the initial fifteen (15) year term or any lease option term of this lease, the City is required to perform remediation on the Property by any state or federal agency, then the City may terminate this lease upon giving the Lessee one year prior written notice of termination. In the event the city needs to obtain access to the Property during the notice period to perform remediation, the Lessee will cooperate with the City to allow access that does not unreasonably interfere with Lessee's use of the Property.

3.4 End of Term. Upon the expiration or termination of the Term, as applicable, Lessee shall surrender the Property to the City in the same or better condition as existed on August 1991, the date Lessee originally took possession of the property, reasonable wear and tear excepted.

3.5 Hold Over. If Lessee remains in possession of the Property after the Termination Date, the occupancy shall not constitute an extension or renewal of the Term. The occupancy shall be a month-to-month tenancy, on terms identical to the terms of this Lease, which may be

terminated by either party on thirty (30) days written notice. The monthly rent during the holdover shall be the same rent which would be due if the Lease were still in effect and all adjustments in rent were made in accordance with its terms. If the City provides a notice to vacate the Property in anticipation of the termination of this Lease or at any time after the Termination Date and Lessee fails to do so within the time set forth in the notice, then Lessee shall be a trespasser and shall owe the City all amounts due under applicable law.

4. LEASE PAYMENT.

4.1 Monthly Payment. During the initial fifteen (15) year term of this lease, Lessee shall pay to the City a monthly payment of Four Hundred Dollars (\$400.00), plus the leasehold tax of 12.84 percent as set forth in Section 5 for a total monthly payment of \$451.36 ("Lease Payment"). The first installment shall be due and payable on or before the Commencement Date, and subsequent installments shall be due and payable on or before the same day of each month thereafter.

4.2 Payment Place. Payment is to be made to the City of Bremerton, Attn: Finance Director, 239 Fourth Street, Bremerton, Washington 98337.

5. OTHER EXPENSES.

During the Term, Lessee shall pay the following additional expenses:

5.1 Utilities. Lessee shall pay all fees charged for utilities in connection with the use and occupancy of the Property, including but not limited to electricity, stormwater, water, gas, and telephone service.

5.2 Taxes and Assessments. Lessee shall pay all taxes (including the leasehold excise tax on all lease amounts paid to the City pursuant to RCW 82.29A.030 currently in the amount of 12.84 percent and as may be adjusted pursuant to Ch. 82.29A RCW), assessments, and all other governmental charges, of any kind whatsoever, applicable or attributable to the Property, Lessee's leasehold interest, the improvements, or Lessee's use and enjoyment of the Property.

5.3 Right to Contest. Lessee may, in good faith, contest through any established appeal process or similar procedure any tax or assessment at its sole cost and expense. At the request of the City, Lessee shall furnish reasonable protection in the form of a bond or other security, satisfactory to the City, against any loss or liability by reason of such contest.

5.4 Proof of Payment. Lessee shall, if required by the City, furnish to the City receipts or other appropriate evidence establishing the payment of any amounts required to be paid under the terms of this Lease.

5.5 Failure to Pay. If Lessee fails to pay any of the amounts due under this Lease, the City may pay the amount due, and recover its cost in accordance with the provisions of Section 6, unless Lessee has contested any amount due pursuant to Section 5.3 above.

6. LATE PAYMENTS AND OTHER CHARGES.

6.1 Late Charge. If any rental payment is not received by the City within ten (10) days of the date due, Lessee shall pay to the City a late charge equal to four percent (4%) of the amount of the lease to defray the overhead expenses of the City incident to the delay.

6.2 Interest Penalty for Past Due Lease Payments and Other Sums Owed. If a Lease Payment is not paid within thirty (30) days of the date due, then Lessee shall, in addition to paying the late charges determined under Subsection 6.1, above, pay interest on the amount

outstanding at the rate of one percent (1%) per month until paid. If the City pays or advances any amounts for or on behalf of Lessee, including but not limited to leasehold taxes, taxes, assessments, insurance premiums, costs of removal and disposal of unauthorized materials pursuant to Section 2 above, costs of removal and disposal of improvements pursuant to Section 7 below, or other amounts not paid when due, Lessee shall reimburse the City for the amount paid or advanced and shall pay interest on that amount at the rate of one percent (1%) per month from the date the City notifies Lessee of the payment or advance unless Lessee has contested any amount due pursuant to Section 5.3 above.

6.3 No Counterclaim, Setoff, or Abatement of Rent. Except as expressly set forth elsewhere in this Lease, rent and all other sums payable by Lessee pursuant to this Lease shall be paid without the requirement that the City provide prior notice or demand, and shall not be subject to any counterclaim, setoff, deduction, defense or abatement.

7. IMPROVEMENTS.

7.1 Lessee-Owned Improvements. So long as this Lease remains in effect, Lessee shall retain ownership of all Existing Improvements and all authorized improvements and trade fixtures it may place on the Property (collectively "Lessee-Owned Improvements"). Lessee-Owned Improvements shall not include any construction, reconstruction, alteration, or addition to the Property by the City (City-Owned Improvements) or any Unauthorized Improvements as defined in Subsection 7.4 below. No Lessee-Owned Improvements shall be placed on the Property without the City's prior written consent.

7.2 Construction. Prior to Lessee commencing any construction, alteration, replacement, removal or major repair of any improvements (whether City-Owned or Lessee-Owned), Lessee shall submit to the City plans and specifications which describe the proposed activity. Construction shall not commence until the City has approved those plans and specifications in writing and Lessee has obtained a performance and payment bond in an amount equal to 100% of the estimated cost of construction. The performance and payment bond shall be maintained until the costs of construction, including all laborers and material persons, have been paid in full. The City shall have thirty (30) days in which to review the proposed plans and specifications. The plans and specifications shall be deemed approved and the requirement for the City's written consent shall be treated as waived, unless the City notifies Lessee otherwise within the thirty (30) days. Upon completion of construction, Lessee shall promptly provide the City with as-built plans and specifications. The City's consent and approval shall not be required for any routine maintenance or repair of improvements made by the Lessee pursuant to its obligation to maintain the Property in good order and repair that does not result in the construction, alteration, replacement, removal, or major repair of any improvements on the Property. The provisions of this section do not obviate any permit requirements that may apply to the proposed activity.

7.3 Removal. Unless otherwise agreed by the City in writing, Lessee-Owned Improvements shall be removed by Lessee by the Termination Date. If the Lessee-Owned Improvements remain on the Property after the Termination Date, they shall become the property of the City without payment by the City.

7.4 Unauthorized Improvements. Improvements made on the Property without the City's prior consent pursuant to Subsection 7.2 or which are not in conformance with the plans submitted to and approved by the City ("Unauthorized Improvements") shall immediately

become the property of the City, unless the City elects otherwise. Regardless of ownership of Unauthorized Improvements, the City may, at its option, require Lessee to sever, remove, and dispose of them, charge Lessee rent for the use of them, or both. If Lessee fails to remove an Unauthorized Improvement upon request, the City may remove it and charge Lessee for the cost of removal and disposal.

8. HAZARDOUS SUBSTANCES – INDEMNITY.

8.1 Except as limited by 8.2 below, City shall indemnify and hold harmless Lessee from and against any and all claims, demands, damages, losses, liens, liabilities, penalties, fines, lawsuits, and costs and expenses of which accrue to or are incurred by Lessee directly or indirectly, from or out of, the discovery or cleanup of hazardous substances on the property which pre-exist this lease.

8.2 Upon discovery of any hazardous substance on the Property, Lessee shall promptly notify the City.

8.3 City shall have the option to terminate this lease upon thirty (30) days written notice to Lessee, if cleanup of a hazardous substance from the site can be avoided by nonuse of the Property, or if cleanup would interfere with Lessee's use of the Property so as to incur additional cost under subparagraph 8.1.

8.4 Lessee shall indemnify and hold harmless the City from and against any and all claims, demands, damages, losses, liens, liabilities, penalties, fines, lawsuits, and costs and expenses which accrue to or are incurred by the City which arise directly or indirectly from the discovery or cleanup of hazardous substances from the premises which are deposited on the Property during the term of this lease.

8.5 Hazardous substance shall mean any waste or material defined or designated as hazardous, toxic or dangerous by any federal, state or local statute, regulation or ordinance presently in effect or adopted during the term of this lease.

9. ASSIGNMENT AND SUBLETTING.

9.1 City Consent Required. Lessee shall not sell, convey, mortgage, assign, pledge, sublet, or otherwise transfer or encumber all or any part of Lessee's interest in this Lease or the Property without the City's prior written consent, which may not be unreasonably withheld by the City. In the event of such consent, each permitted transferee shall assume all obligations under this Lease, including the payment of rent. No assignment, sublet, or transfer shall release, discharge, or otherwise affect the liability of Lessee.

9.2 Rent Payments Following Assignment. The acceptance by the City of the payment of rent following an assignment or other transfer shall not constitute consent to any assignment or transfer.

10. INDEMNITY.

10.1 The City shall not be liable for any injury to any person or for any loss of or damage to any property (including property of Lessee) occurring in or about the leased Property or the buildings thereon and caused by or resulting from any act or omission by Lessee any officer, agent, employee, guest, invitee, or visitor of Lessee; and, during the full term hereof, Lessee agrees and covenants to indemnify, defend, and hold harmless the City and those persons who were, now are, or shall be duly elected or appointed officials or members or employees or

agents thereof, against and from any loss, damage, costs, charge, expense, liability, claim, demand, or judgments of whatsoever kind or nature whether to persons or property, to the extent arising on said Property, in or on said building(s), or on any areas adjoining the same, which is under the control or use of Lessee pursuant to this lease and arising out of or in connection with Lessee's use and occupancy of said Property. City agrees and covenants to indemnify, defend, and hold harmless the Lessee, its officers, employees, and agents thereof, against and from any loss, damage, costs, charge, expense, liability, claim, demand, or judgment of whatsoever kind or nature whether to persons or property, arising out of or in connection with the City's negligence in its performance under this Agreement.

10.2 Should a court of competent jurisdiction determine that this Lease is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of Lessee and the City, its officers, officials, employees, and volunteers, the Lessee's liability hereunder shall be only to the extent of the Lessee's negligence. IT IS FURTHER SPECIFICALLY AND EXPRESSLY UNDERSTOOD THAT THE INDEMNIFICATION PROVIDED HEREIN CONSTITUTES THE LESSEE'S WAIVER OF IMMUNITY UNDER INDUSTRIAL INSURANCE, TITLE 51, RCW, SOLELY FOR THE PURPOSES OF THIS INDEMNIFICATION. This waiver has been mutually negotiated by the parties. The provisions of Section 10 shall survive the expiration or termination of this Lease.

11. INSURANCE.

11.1 General Commercial Liability Insurance. Lessee agrees to procure and maintain in force during the term of this Lease and any extension thereof, at its expense, general commercial general liability insurance. This insurance shall be adequate to protect against liability for damage claims through public use of or from accidents or other liability arising out of Lessee's use or occupancy of the Property and buildings thereon. This insurance shall be in a minimum amount of \$1,000,000 combined single limit per occurrence and \$2,000,000 aggregate for bodily injury, personal injury and property damage which may be covered under a blanket policy. Lessee agrees that, if such insurance policies are not kept in force during the term of this Lease and any extension thereof, the City may procure the necessary insurance, pay the premium therefor, and that such premium shall be repaid to the City on demand. The City shall be named as an additional insured as to liability arising out of the Property and buildings thereon and the insurance of Lessee shall be the primary insurance as to said liability.

11.2 Certificate of Insurance. Lessee shall provide to the City documentary evidence, certified by the insurer, of all insurance(s) required in this Lease.

11.3 Subrogation. The City shall not be liable to Lessee (by way of subrogation or otherwise) or to any insurance company insuring the other party for any loss or damage to any building, structure, or other tangible property, or any resulting loss of income, or losses under worker's compensation laws and benefits, if any such loss or damage is covered by insurance benefiting the party suffering such loss or damage or was required to be covered by insurance pursuant to this Lease. Lessee shall, upon obtaining the policies of insurance required give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease.

12. MAINTENANCE AND REPAIR.

12.1 The City's Repairs. The City shall not be required to make any alterations, maintenance, replacements, or repairs in, on, or about the Property, or any part thereof, during the Term.

12.2 Lessee's Repairs, Alteration, Maintenance and Replacement.

(a) Lessee shall, at its sole cost and expense, keep and maintain the Property and all improvements (regardless of ownership) in good order and repair, in a clean, attractive, and safe condition.

(b) Lessee shall, at its sole cost and expense, make any and all additions, repairs, alterations, maintenance, replacements, or changes to the Property or to any improvements on the Property which may be required by any public authority.

(c) All additions, repairs, alterations, replacements or changes to the Property and to any improvements on the Property shall be made in accordance with, and ownership shall be governed by, Section 7, above.

13. DAMAGE OR DESTRUCTION.

13.1 In the event of any damage to or destruction of the Property or any improvements, Lessee shall promptly give written notice to the City.

13.2 Unless this Lease is terminated, there shall be no abatement or reduction in rent due to any damage or destruction of the Property.

14. DEFAULT AND REMEDIES.

14.1 Acts Constituting Default. Lessee shall be in default of this Lease on the occurrence of any of the following:

- (a) Failure to pay Rent or other expenses when due;
- (b) Failure to comply with any law, regulation, policy, or order of any lawful governmental authority;
- (c) Failure to comply with any other provision of this Lease;
- (d) Failure to cure a default pursuant to Section 14.2 below; or
- (e) Proceedings are commenced by or against Lessee under any bankruptcy act or for the appointment of a trustee or receiver of Lessee's property.

14.2 Failure to Cure. A default shall become an event of default ("Event of Default") if Lessee fails to cure the default within thirty (30) days after the City provides Lessee with written notice of default, which specifies the nature of the default.

14.3 City's Remedies Upon Default. Upon an Event of Default, the City may terminate this Lease and remove Lessee by summary proceedings or otherwise. The City may also, without terminating this Lease, relet the Property on any terms and conditions as the City in its sole discretion may decide are appropriate. If the City elects to relet, rent received by it shall be applied: (1) to the payment of any indebtedness other than rent due from Lessee to the City; (2) to the payment of any cost of such reletting; (3) to the payment of the cost of any alterations and repairs to the Property; and, (4) to the payment of rent and leasehold excise tax due and unpaid under this Lease. Any balance shall be held by the City and applied to Lessee's future rent as it becomes due. Lessee shall be responsible for any deficiency created by the reletting during any month and shall pay the deficiency monthly. The City's reentry or repossession of the Property under this subsection shall not be construed as an election to terminate this Lease or cause a forfeiture of rents or other charges to be paid during the balance of the Term, unless the

City gives a written notice of termination to Lessee or termination is decreed by legal proceedings. The City may at any time after reletting elect to terminate this Lease for the previous Event of Default.

15. ENTRY BY THE CITY. The City shall have the right to enter the Property at any reasonable hour to inspect for compliance with the terms of this Lease upon twenty-four (24) hours notice. The City and/or City's agents shall comply with all of Lessee's work safety rules and restrictions, including but not limited to following Lessee's warning instructions and, without prior approval of the Lessee, keep out of restricted areas of the Property due to pesticide, fertilizer, and other chemical and hazardous substance exposures on the Property.

16. NOTICE. Any notices required or permitted under this Lease may be personally delivered, delivered by facsimile machine, or mailed by certified mail, return receipt requested, to the following addresses or to such other places as the parties may direct in writing from time to time:

The City: Director of Public Works and Utilities
 City of Bremerton
 239 Fourth Street
 Bremerton, Washington 98337

Lessee: Daniel and Diane Robinson
 Elandan Gardens
 3050 W. State Highway 16
 Bremerton, WA 98312

A notice shall be deemed given and delivered upon personal delivery, upon receipt of a confirmation report if delivered by facsimile machine, or three (3) days after being mailed as set forth above, whichever is applicable.

17. MISCELLANEOUS.

17.1 Authority. Lessee and the person or persons executing this Lease on behalf of Lessee represent that Lessee is qualified to do business in the State of Washington, that Lessee has full right and authority to enter into this Lease, and that each and every person signing on behalf of Lessee is authorized to do so.

17.2 Successors and Assigns. This Lease shall be binding upon and inure to the benefit of the parties, their successors and assigns.

17.3 Entire Agreement. This Lease, including the exhibits and addenda, if any, contains the entire agreement of the parties. All prior and contemporaneous agreements, promises, representations, and statements relating to this transaction or to the Property, if any, are merged into this Lease.

17.4 Waiver. The waiver by the City of any breach or default of any term, covenant, or condition of this Lease shall not be deemed to be a waiver of such term, covenant, or condition; of any subsequent breach or default of the same; or of any other term, covenant, or condition of this Lease. The City's acceptance of a rental payment shall not be construed to be a waiver of

any preceding or existing breach other than the failure to pay the particular rental payment that was accepted.

17.5 Cumulative Remedies. The rights and remedies of the City under this Lease are cumulative and in addition to all other rights and remedies afforded to the City by law or equity or otherwise.

17.6 Time is of the Essence. TIME IS OF THE ESSENCE as to each and every provision of this Lease.

17.7 Invalidity. If any provision of this Lease shall prove to be invalid, void, or illegal, it shall in no way affect, impair, or invalidate any other provision of this Lease.

17.8 Applicable Law and Venue. This Lease shall be interpreted and construed in accordance with the laws of the State of Washington. Any reference to a statute shall mean that statute as presently enacted or hereafter amended or superseded. Venue for any action arising out of or in connection with this Lease shall be in the Superior Court for Kitsap County, Washington.

17.9 Modification. Any modification of this Lease must be in writing and signed by the parties. The City shall not be bound by any oral representations or statements.

17.10 Survival of Covenants. The covenants contained herein survive the termination or expiration of the Lease for the applicable statute of limitation periods.


17.11 Quiet Enjoyment. The City covenants and agrees that Lessee, upon performing the terms and conditions of the Lease, may peacefully hold and enjoy the Property during said term without any interruption by the City, its successors or assigns. City will use its best efforts not to interfere with Lessee's business or right of access to and from the Property during the term of this Lease.

17.12 Recording of Short Form Lease. Neither the City nor Lessee may record this Lease without the other's prior approval, but the parties will at any time at the request of either party promptly execute duplicate originals of an instrument, in recordable form, which will constitute a short form of this lease, setting forth a description of the Property, the terms of this lease and other provisions hereof, except the rental and other provisions as either party may request, which may be recorded.

17.13. Duplicate Originals. This Lease Agreement may be executed in duplicate originals.

THIS AGREEMENT requires the signature of all parties and is executed as of the date of the last signature below.

CITY OF BREMERTON




By: Cary Bozeman


Its: Mayor

Date: 4-28-04

Daniel Robinson


Date: 20 May 04

diane Robinson


Date: 5-20-04

[Handwritten signature]

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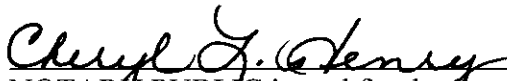


Washington, residing at Bremerton

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RYL L. 1



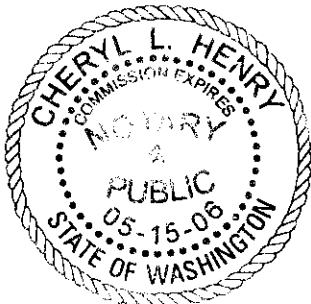
Washington, residing at Bremerton

Figure 1. The effect of the concentration of the *Agrobacterium* suspension on the transformation efficiency of *Agrobacterium* strains.

STATE OF WASHINGTON)
) §
COUNTY OF KITSAP)

I certify that I know or have satisfactory evidence that Diane Robinson is the person who appeared before me, and acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument, and acknowledged it to be the free and voluntary act for the uses and purposes mentioned in the instrument.

WITNESSETH my hand and seal this 20th day of May, 2004.

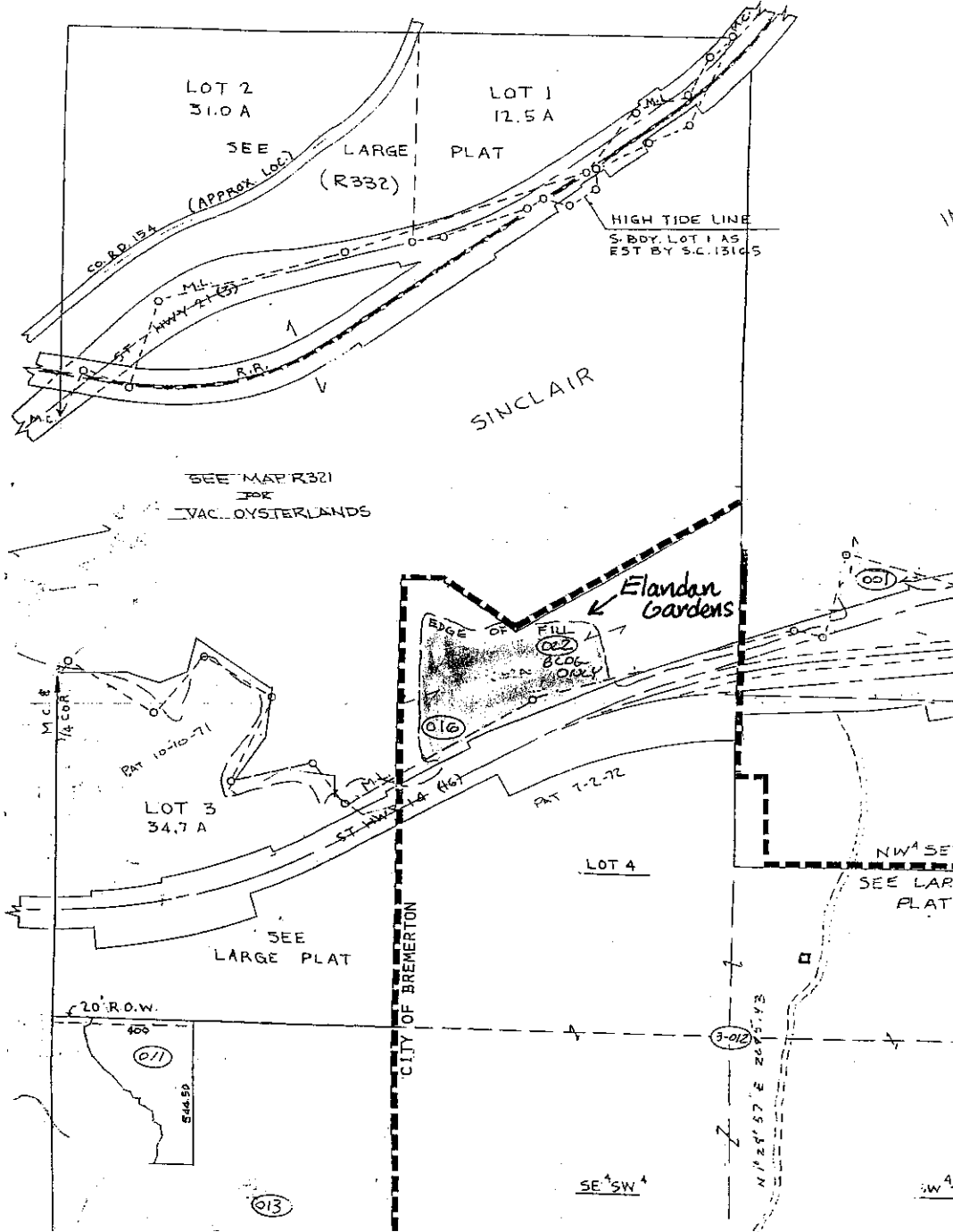


Cheryl L. Henry
NOTARY PUBLIC in and for the State of
Washington, residing at Bremerton.
My commission expires 5/15/08.

R:\LEGAL\Contracts\Elandan Gardens Lease - Final (2004).doc

REF:
ENGRS.
RD. RED

Section 33 Township 24 NORTH Range 1 EAST



Tax Description

Tax Account No. Process No. Situs Address

332401-3-016-2004

1170430

33241E

TDLDS FRIG GOVT LOT 4 LY S OF BDRY TRACT 1 VAC STATE OYSTER
RESV (BUILDING ONLY VALUE CARRIED UNDER ACCOUNT NO. 332401-3-
022-2006)

Exhibit A